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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 004740

SIPDIS

STATE FOR EAP, EAP/MTS, EAP/MLS, INR/EAP

E.O. 12958: DECL: 10/05/2015

TAGS: [PGOV](#) [PINS](#) [PINR](#) [ECON](#) [EINV](#) [PTER](#) [CH](#) [RP](#)

SUBJECT: MALACANANG-SENATE RELATIONS DETERIORATE

REF: A. MANILA 4662

- [B](#). MANILA 4639
- [C](#). MANILA 4464
- [D](#). MANILA 4140
- [E](#). 04 MANILA 4526

Classified By: Acting Pol/C Joseph L. Novak for reasons 1.4 (b) and (d).

[1](#). (C) Summary: After several highly contentious Senate sessions, a group of Opposition senators led by Senate President Franklin Drilon continues to press for more hearings into issues potentially embarrassing to President Arroyo. Malacanang has reacted angrily and is strictly controlling access by the Senate or House to testimony by GRP officials. Malacanang is also trying to undermine Drilon and replace him with someone who is pro-Arroyo, but at this point it does not appear that it has the numbers in the Senate to do so. With tensions between the two branches unlikely to cool down soon, it is probable that legislation will suffer, although -- on a positive note -- all sides agree that an anti-terrorism bill should remain a high priority (see septel). End Summary.

Senate Presses Fight with Arroyo

[2](#). (SBU) A group of Opposition senators led by Senate President Franklin Drilon continues to press for more hearings into issues potentially embarrassing to President Arroyo. Drilon's faction is proposing further hearings into the controversial May 2004 presidential election, specifically on whether President Arroyo, her family, and her advisers paid money for votes or otherwise manipulated the results. In addition, Drilon wants further hearings into whether a project to construct an improved railway network north of Manila (the "North Rail" project) by a Chinese company (China National Machinery and Equipment Corporation) was purposely over-priced so that GRP officials could take a cut of the proceeds. (Note: The USD 503 million North Rail project was agreed to during President Arroyo's September 2004 visit to China -- see ref e. End Note.)

[3](#). (SBU) This slate of planned hearings comes on top of recent -- and bitterly contentious -- sessions carried on live TV in the Senate. One of these sessions, held on September 28, featured two high-level military officers asserting that they had evidence that Arroyo family members and associates had paid for votes in Mindanao during the timeframe of the May 2004 election. (Note: The two officers were subsequently removed from their commands and are facing court martial proceedings for defying a presidential directive against testifying before the Senate. One of the officers has since retired, but both remain in military custody. See ref b. End Note.) Another contentious hearing involved National Security Adviser Norberto "Bert" Gonzales, who was grilled unmercifully by senators on September 21 about his knowledge of a contract that he signed with Venable LLP, a U.S. law firm, for lobbying services (see ref c). Senators ridiculed his testimony and charged him with contempt. Gonzales was then detained by the Sergeant at Arms on order of the Senate and, as of October 5, technically remains under detention while undergoing hospitalization for a heart condition (see ref c).

Malacanang Reacts

[4](#). (C) Malacanang has reacted with unconcealed fury to the Senate's moves. In regard to the hearings planned by Drilon's group, the Palace has indicated that it has no plans to cooperate unless National Security Adviser Bert Gonzales is released from "detention." In a September 26 meeting with Acting Pol/C, Gabriel "Gabby" Claudio, Arroyo's chief political adviser, asserted that the Senate's continued detention of Gonzales (even if only technical in nature at this point) was totally unfair and violated the normal pattern of relations between the two branches of government. (Note: Gonzales has filed a case claiming that his detention is illegal, which the Supreme Court is reviewing. End Note.) Senators have indicated that there is no plan to release

Gonzales from detention. Senators, in turn, have demanded that Malacanang cancel Executive Order 464 dated September 28, which prevents government or military officials from testifying before the Senate or the House without prior approval of the President's Office. Malacanang has underscored that it will not do this. Meanwhile, a group of leftists have challenged E.O. 464 by lodging a petition in the Supreme Court.

15. (C) Commenting on the deteriorating ties between the two bodies, Ronaldo Puno, a pro-Arroyo congressman, told Acting Pol/C during a September 28 meeting that he thought that the Senate was trying "to hold the equivalent of impeachment hearings" into President Arroyo's conduct. This, he said, comes despite the fact that the House had quashed the Opposition's impeachment complaint in early September (ref d). Puno remarked that he thought the Senate's actions were "off base" and fully justified Malacanang's hard-edged response.

Trying to Get Rid of Drilon

16. (C) Malacanang is also trying to undermine Drilon and replace him with someone who is pro-Arroyo. Even before the Senate's recent moves, Arroyo was furious with Drilon, who had crossed over from her camp in July and publicly called for her resignation. It is not clear who Malacanang's candidate to replace Drilon is, though the Palace is believed to favor just about anyone. However, at this point it does not appear that Malacanang has the numbers to replace Drilon.

While support in the Senate is hard to quantify because the situation is fluid and some senators seem to lean a different way every day (the Senate is full of self-described "mavericks"), Drilon appears to have about 10 senators on his side in the 23-member chamber (one seat is not occupied). Drilon's backers include well-known senators such as Aquilino Pimentel, Rodolfo Biazon, Panfilo Lacson, and Sergio Osmena.

17. (C) Meanwhile, Malacanang ostensibly has approximately 13 senators on its side, which should be enough to oust Drilon (a majority vote plus one is needed, or 13 votes). Nonetheless, Malacanang's problem is that much of its support is lukewarm at best. While Senators Miriam Santiago and Juan Flavio are strongly on her side, a slew of her nominal supporters rarely defend her, including Senators Manuel Villar, Manuel Roxas, Pia Cayetano, and Ramon Magsaysay, etc.

Given this situation, it appears that Drilon will remain in place for at least some time to come. (Note: A "gentlemen's agreement" that Drilon had with Villar to split the Senate Presidency term seems to have been overtaken by events and Drilon has no apparent plans to leave that office to be replaced by Villar. End Note.)

Comment

18. (C) On a positive note, a group of senators from both camps came out in public recently for "constructive dialogue" between Malacanang and Drilon, but it is not clear whether there will be any follow-up. In any case, the war of words shows little sign of abating: In October 1 comments that received much attention in the press, the always combustible Senator Santiago accused Drilon and former president Corazon Aquino of planning "a coup" to remove Arroyo. Drilon and Aquino have heatedly denied the charges. With tensions between the two branches unlikely to cool down soon, it is probable that legislation will suffer. For example, the ability of all branches to work together reasonably harmoniously on the budget, which needs to be completed by later this year, and on possible Constitutional changes (ref a) seems highly questionable at this point. (Note: The House generally has been watching the Malacanang-Senate tangle with great bemusement and has not involved itself directly on either side. End Note.) A definite bit of good news, however, is the apparent agreement by all sides that proposed anti-terrorism legislation should not be delayed by the infighting (see septel).

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